

ANALYSIS OF AMENDED BILL

Author: Bermudez Analyst: Anne Mazur Bill Number: AB 1416
 Related Bills: See Legislative History Telephone: 845-5404 Amended Date: June 17, 2004
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Confidentiality/Taxpayer Communications/Extend Repeal Date

SUMMARY

This bill would extend the repeal date of a statute pertaining to privileged taxpayer communications.

This analysis addresses only those provisions of the bill affecting the Franchise Tax Board (FTB).

SUMMARY OF AMENDMENTS

The June 17, 2004, amendments:

- Delete provisions relating to creating a Cigarette and Tobacco Products Excise Tax Fund and additional excise tax on cigarette distributors.
- Insert language to extend the repeal date from January 1, 2005, to January 1, 2009, for the provisions discussed in this analysis.

PURPOSE OF THE BILL

The intent of this bill is to extend the repeal date of an existing provision in law.

EFFECTIVE/OPERATIVE DATE

This bill would become effective and operative on January 1, 2005.

POSITION

No Position.

ANALYSIS**FEDERAL/STATE LAW**

Existing federal and state laws expand the privilege for confidentiality of communications with respect to tax advice between a client and an attorney to include communications with any federally authorized tax practitioner. The privilege can only be asserted in noncriminal matters before the FTB. The privilege does not apply to written communications related to abusive tax shelters.

The California provision will be repealed January 1, 2005, unless subsequent legislation extends that date. The comparable federal law has no stated repeal date.

Board Position:

☐ S ☐ NA ☐ NP
☐ SA ☐ O ☐ NAR
☐ N ☐ OUA ☒ PENDING

Department Director

Date

William C. Bush for Gerald H.
Goldberg

6/25/04

THIS BILL

This bill would extend the repeal date from January 1, 2005, to January 1, 2009, for the provision of the Revenue and Taxation Code that essentially expands the client/attorney privilege for communications regarding tax advice to communications between a client and a non-attorney tax practitioner.

LEGISLATIVE HISTORY

AB 1016 (Briggs, Stats. 2000, Ch. 438) created the statute for which this bill would extend the repeal date if enacted.

OTHER STATES' INFORMATION

Florida, Illinois, Massachusetts, Michigan, Minnesota, and New York laws do not provide a provision comparable to the provision allowed by this bill. The laws of these states were reviewed because their tax laws are similar to California's income tax laws.

FISCAL IMPACT

This bill would not significantly impact the department's costs.

ECONOMIC IMPACT

This bill would not impact the state's income tax revenue.

LEGISLATIVE STAFF CONTACT

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